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November 17, 2003

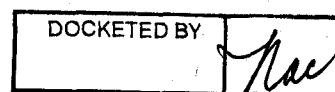
AZ CORP COMMISSION
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Thomas L. Mumaw
Karilee S. Ramsey
Pinnacle West Capital Corporation
Law Department
P.O. Box 53999
Phoenix, Arizona 85072-3999

Arizona Corporation Commission
DOCKETED

NOV 17 2003

Re: APS Rate Case: Docket No. E-01345A-03-0437



Dear Counselors:

I am asking APS to respond to a number of questions regarding its Demand Side Management (DSM) programs.

Before 1996, APS had in place rebate and incentive programs to promote greater energy efficiency, and since 1996 has employed a Market Transformation Strategy that attempts to alter the purchasing and behavioral decisions of ratepayers.

Historically, System Benefits Charges (SBC) had been used to fund low-income weatherization and energy efficiency programs. As part of the current Environmental Portfolio Standard, SBC and DSM funding were reallocated to fund EPS activities.

I am interested in obtaining the following information:

- How much money has APS expended on its Market Transformation Strategy each year since 1996?
- How much money has APS expended on low-income weatherization programs each year since 1996?
- How much money has APS moved from SBC for EPS purposes each year since 1996?

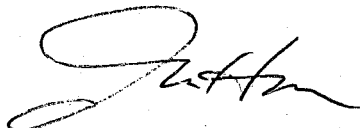
I invite Staff, APS and other interested parties to discuss the possibility of APS implementing a more comprehensive Demand Side Management Program, which would continue to embrace the Market Transformation Strategy and reinstitute the more traditional rebate and incentive programs.

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Karilee S. Ramsey
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The Nevada Public Utilities Commission recently approved a new \$9.2 million energy conservation budget for Nevada Power in 2004. The program includes various rebates for energy efficient appliances, low-income weatherization funding and customized energy savings incentives for small businesses. I would ask the parties to investigate this program and similar programs in other western states and make recommendations prior to the scheduled hearing in April 2004.

I look forward to your comments and testimony on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller", with a large, stylized initial "J" and "H".

Jeff Hatch-Miller
Commissioner

CC: Chairman Marc Spitzer
Commissioner Bill Mundell
Commissioner Mike Gleason
Commissioner Kristin Mayes
Docket Control